

Chief *DX*
7 August 1959
SS: file *Chief E*

TO: Assistant Director for Research and Reports
FROM: Acting Chief, Economic Research Area
SUBJECT: Activity Report for the Month of July 1959

Current and Other Support Activities

Intra-Agency Support

1. ORR support for OCI during the month involved preparation of articles dealing with probable modification in Sino-Soviet Bloc agricultural organizations, pipeline construction, midyear economic plan results, and new developments and negotiations in Bloc trade, aid and arms programs. Attention continued to be focused on new developments in the Chinese communes. Khrushchev's doctrinal problems with the Soviet architects also were examined.

2. Support to the DCI and the DD/I included preparation of briefings on civil defense and Soviet Bloc offers to Ethiopia. D/I updated and revised portions of a briefing paper for the DCI on USSR guided missiles, aircraft, submarines, and military expenditures. Miss [REDACTED] S/TR, prepared a briefing on the Northern Sea Route which was presented by the DCI to the National Security Council.

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3. In conjunction with the ONE Staff, I/GM reviewed and prepared comments for the signature of AD/NE on a draft paper on the Soviet ICBM program prepared by [REDACTED] 25X1C8c 25X1C8c

4. During July, conclusive evidence was received of the existence of a surface-to-air guided missile site in East Germany. Mr. [REDACTED] I/GM, is preparing a briefing on the subject for the CIA Guided Missiles Forum sponsored by OSI. Since it is likely that the missile system observed in East Germany is deployed at other locations in the Satellites as well as in the USSR, a detailed collection guide on the system is being prepared by I/GM at the specific request of DD/P.

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Extra-Agency Support

5. Support for the USIB Watch Committee was largely concerned with Bloc arms trade, the effects of weather conditions on China, and the negative implications of internal Soviet developments.

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6. Chief, ERA, briefed both Vice President Nixon and Dr. Milton Eisenhower in preparation for their visit to the Soviet Union. Other support provided by the Economic Research Area for the Vice President's trip included a special brief prepared by I/PE for Admiral Rickover on compressors for gaseous diffusion plants which was submitted to NED/OSI, and a brief guide

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which was prepared by I/GM. M/FP briefed members of Vice President Nixon's group prior to their departure, and M/AG submitted information for use in briefing the Vice President and Dr. Milton Eisenhower.

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8. Chief, I/GM, participated in a special trip to Headquarters, Strategic Air Command, to discuss a number of aspects of SAC's planning for operational ICBM launch facilities.

9. Chief, I/ME, met with members of the Institute of Defense Analyses (IDA) to discuss the goals and methodology of the Weapons Systems Evaluation Group's (WSEG) project to set up U.S. defense expenditures on a program basis.

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10. I/GM briefed [REDACTED] NORAD intelligence structure, on some of the kinds of economic analysis of the Soviet guided missile production and deployment program being performed in ORR, together with our general conclusions on the status of the program.

11. As a result of earlier discussions with ATIC officials, Mr. [REDACTED] I/EE, prepared information requirements to guide ATIC in constructing estimated technical descriptions of equipment used in the Soviet INERT system. The results of the ATIC work will be used by I/EE as an aid in costing Soviet air defense.

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12. I/EE was visited by [REDACTED] AFCIN 202 for discussions on projections of Soviet air defense radars, and by personnel of SAC for further discussions on Soviet radar OB.

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13. Messrs. [REDACTED] I/EE, visited the Tactical Air Command at Langley Air Force Base to discuss air defense data transmission systems.

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14. [REDACTED] I/EE, provided information to the Departments of Navy and Commerce on the availability of anti-friction bearings in the Sino-Soviet Bloc. Mr. [REDACTED] of the same branch was consulted by the Departments of Commerce and Defense in regard to licensing exports of certain types of machine tools.

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15. Mr. [REDACTED] M/AG, participated in briefing [REDACTED]
[REDACTED]

16. As a result of conversations between M/FP and representatives of the Atomic Energy Commission, the AEC will assist in answering questions concerning costs of the Soviet nuclear program.

25X1A9a 17. Mrs. [REDACTED] S/TR, prepared a briefing on Sino-Soviet Bloc Maritime Fleets which Chief, D/S, will deliver at a conference of the National Maritime Research Board chaired by Admiral Radford.

25X1A9a 18. Mr. [REDACTED] S/TF, together with Mr. [REDACTED] 25X1A5a1
25X1A5a1 [REDACTED] prepared a text entitled "Economics as an Element of National Power." The text includes a discussion of the tools of economic analysis and a comparison of the American and Soviet economies. It is being published by the U.S. Army War College.

19. S/TD completed the preparation of intelligence statements on approximately two-thirds of the items on the COCOM lists during the month. Members of S/TD and other ERA analysts also participated in EDAC Technical Task Groups which formulated recommendations for redefinition of some of the items.

20. An "Alphabetical Index of International Lists" prepared by S/TD was published and disseminated. At the request of State Department, copies were provided for distribution to all U.S. Foreign Service Posts. Copies have also been distributed to Departments of Defense, Commerce, and Treasury, and to DD/P.

Research Planning, Program Support, and Special Projects

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[REDACTED] visited I/EE to [REDACTED]

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25X1D2a [REDACTED] discuss the results of a study on Soviet field army communications equipment which has proved to be a very useful source for I/EE research on military electronic expenditures.

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22. Messrs. [REDACTED] conferred with Chief, M/NF, concerning a training program for ERA personnel in the field of nonferrous metals and minerals, composition of the panel of consultants,

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[REDACTED]

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USIB Exchange Program

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24. Mr. [REDACTED] I/PE, met with representatives of the State Department [REDACTED]

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25X1X4 25. I/EE has conducted preliminary informal discussions with the USIB Committee [REDACTED]

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27. A translation by M/FM of a Promyshlennno-Ekonomicheskaya Gazeta article by A. Borisov, Chairman of the Soviet Steel Delegation to the U.S., was furnished to [REDACTED]

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25X1A5a1 Although the U.S. delegation sent the Soviets copies of each of its published reports, the Soviets have not responded to the U.S. group's request for reciprocity. This considerably slanted newspaper item is the nearest approach to a report by the Soviet delegation that has thus far been observed.

29. M/AG submitted comments to the Secretary, USIB Ad Hoc Committee on Exchanges, on exchanges suggested by the Department of Agriculture as a basis for negotiating the 1960-61 US-USSR exchanges.

Miscellaneous

30. Members of A/U prepared requirements for Mr. [REDACTED]

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32. Messrs. M [REDACTED] of A/E presented lectures for OTR on "Economic Prospects in Czechoslovakia, East Germany and Poland."

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33. Chief, D/I, and Chief [REDACTED] together with the DD/I, DAD/RR, Chief, ERA, and other DD/I personnel, met with General Samford, Director, NSA, and members of his staff. At this meetings, NSA stated that it was unable to comply with CIA's request for expanded coverage of one aspect of [REDACTED]

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[REDACTED] Subsequently, Chief, D/I, prepared a letter which was forwarded to General Samford by the DD/I suggesting an interim compromise solution during the next year.

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35. The Strategic Intelligence School was addressed by Deputy Chief, ERA, on the subject of economic intelligence and by Deputy Chief, D/I, on the strategic intelligence process.

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